

ILLINOIS POWER COMPANY

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 01- ____

EXHIBITS SPONSORED BY JACQUELINE K. VOILES

JUNE 1, 2001

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ILLINOIS POWER COMPANY

DOCKET NO. 01-

PREPARED DIRECT TESTIMONY OF JACQUELINE K. VOILES

JUNE 1, 2001

I. Introduction and Witness Qualifications

1. Q. Please state your name, business address and present position.

A. Jacqueline K. Voiles, 500 South 27th Street, Decatur, Illinois 62521. I am the Director of Delivery Services in the Business Development Services Department of Illinois Power Company ("Illinois Power", "IP" or "Company").

2. Q. Please summarize your education and employment experience.

A. I graduated from Millikin University in 1987 with a Bachelor of Science Degree in Mathematics Education. I received a Masters Degree in Business Administration in 1999 from the University of Illinois. I have been employed by Illinois Power since 1988 in the following positions: Rate Analyst/Senior Rate Analyst (1988-1990), Business Development Specialist (1990-1991), Rate Specialist (1991-1994), Competitive Pricing Specialist (1994-1995), Director of State Regulatory Affairs (1995-1998), and Danville Regional Manager (1998-1999). I began my present position as Director of Delivery Services in December 1999.

3. Q. What are your duties and responsibilities in your present position?

16 A. My duties and responsibilities include administration of all of IP's Delivery Services
17 tariffs (including transition charge tariffs), management of Illinois Commerce Commission
18 proceedings relating to Delivery Services tariffs, providing direction and guidance within
19 Illinois Power for the implementation of customer choice, and coordination with IP's
20 Transmission Services organization on Delivery Service-related matters. I also have
21 responsibility for load profiling services. At this time, the administration of IP's bundled
22 tariffs, rules, regulations and interpretations are in my responsibility area on an interim
23 basis.

24 4. Q. Have you previously testified before the Commission?

25 A. Yes. I have testified before this Commission on numerous occasions. Most recently, I
26 testified in Docket Nos. 99-0013 and 00-0461 related to meter service unbundling and
27 the alternative to the Neutral Fact Finder process, respectively.

28 **II. Purpose and Scope**

29 5. Q. What is the purpose of your testimony in this proceeding?

30 A. I am sponsoring proposed changes to the Rules, Regulations and Conditions Applying
31 to Electric Service ("Electric Rules") and the following portions of the Company's
32 existing Schedule of Rates for Electric Service: Standard Terms and Conditions
33 ("Electric Standard Terms and Conditions"), Service Classification 110 - Non-
34 Residential Delivery Services ("SC 110"), Service Classification 150 - Services for
35 Customer Self-Managers, Retail Electric Suppliers and Meter Service Providers ("SC

150”), Rider TC - Transition Charge for Non-Residential Customers, and Rider PPO - Power Purchase Option Service. I am also sponsoring two new riders: Rider ISS - Interim Supply Service and Rider PRS - Partial Requirements Service. In addition, I am sponsoring changes to the Company’s Delivery Service Implementation Plan.

6. Q. In addition to your prepared testimony, IP Exhibit 5.1, are you sponsoring other exhibits?

A. Yes, I am sponsoring IP Exhibits 5.2 through 5.10, which were prepared under my supervision and direction.

III. Tariff Simplification

7. Q. Has Illinois Power undertaken a tariff simplification process?

A. Yes. Over the past 18 months, Illinois Power has received comments from various parties concerning the complexity of its delivery service tariffs. As a result, the Company sought input from interested parties to improve the structure of the tariffs as well as the understandability of the tariff language. Illinois Power met with suppliers, CUB, the IIEC, and the ICC Staff before it began the redrafting of its delivery service tariffs. Illinois Power incorporated suggestions that were identified by the parties that included some of the following changes: allowing transformation charges for 3 MW customers rather than requiring these customers to lease or own transformers; simplifying agent access to customer information; introducing a PPO calculator accessible on the internet; introducing a flat monthly charge for accessing historic

customer consumption information and the PPO calculator through the internet; eliminating the enrollment requirement for off-cycle switching; offering new off-cycle switching options; eliminating some of the credit requirements for RES registration; moving definitions that appear in multiple tariffs to one location; introducing new Riders for Interim Supply Service (ISS) and Partial Requirements Service (PRS); incorporating a billing provision in Rider ISS for residential customers to mitigate the potential impact of Rider ISS prices; and eliminating redundancies between SC 110 and SC 150. In addition, Illinois Power has reorganized SC 110 and SC 150 in accordance with the Commission Staff's "customer" and "supplier" tariff outlines that were approved in the Docket No. 00-0494 order dated March 21, 2001.

8. Q. What is IP Exhibit 5.2?

A. IP Exhibit 5.2 lists the sections of existing SC 110 and SC 150 and shows where these same provisions are located in proposed SC 110, SC 150, the Electric Standard Terms and Conditions, Riders ISS and PRS and our Rules and Regulations. This listing is provided for parties to use as a cross-reference tool.

IV. Proposed Changes to Electric Standard Terms and Conditions

9. Q. What is IP Exhibit 5.3?

A. IP Exhibit 5.3 contains the proposed Table of Contents to the Company's Schedule of Rates for Electric Service reflecting the addition of Illinois Power's two new riders.

IP Exhibit 5.3 also contains the Company's proposed revised Electric Standard Terms and Conditions.

10. Q. Please identify the principal proposed revisions and additions to the Electric Standard Terms and Conditions.

A. The principal proposed revisions and additions to the Electric Standard Terms and Conditions are as follows: (1) the definitions in SC 110, Section 3 and SC 150, Section 2 - have been moved to the Electric Standard Terms and Conditions. (2) SC 110, Section 22 and SC 150, Section 12 - Historic Customer Information, have been moved to the Electric Standard Terms and Conditions and now allow for a RES or agent to pay a flat monthly charge rather than a per occurrence charge when obtaining historic customer information through IP's website. Payment of the flat monthly charge will also entitle the RES or agent to unlimited use of IP's web-based PPO calculator. This change is discussed by IP witness Holtzschler. (3) SC 110, Section 19 (g), regarding stand-by service has been moved to the Electric Standard Terms and Conditions. (4) SC 110, Section 7 - Customer Delivery Voltage and Point of Delivery, has been moved to the Electric Standard Terms and Conditions. (5) A provision is being added in Section 6 of the Electric Standard Terms and Conditions specifying that any entity seeking to bill customers for IP's service must sign an agreement governing the remittance to IP of amounts owed by customers, including IFC payments. (6) IP is adding provisions to the Electric Standard Terms and Conditions that allow for the

collection of copying costs and a per-use fee for use of our PPO calculator. The copying charge would apply to requests for hard copies of bills, tariffs (which may be downloaded directly from IP's website), and similar materials. However, it would not apply in the case of requests for historic customer information, for which a separate charge already exists. (7) Finally, certain provisions in the Company's Electric Standard Terms and Conditions are being revised to incorporate requirements relating to the offering of Delivery Services to residential customers.

V. Proposed Changes to Electric Rules

11. Q. What is IP Exhibit 5.4?

A. IP Exhibit 5.4 contains proposed revisions to the Company's Electric Rules. As a result of the Company's tariff simplification process, IP is moving its definitions that appear in multiple tariffs into its Electric Standard Terms and Conditions. Therefore, IP is removing Section 1.3, Definitions of Terms, from the Electric Rules and adding this information into its Standard Terms and Conditions for Electric Service. This change will result in the definitions associated with service from IP being primarily available in one place.

VI. Proposed Changes to Service Classification 110 - Non-Residential Delivery Services

12. Q. What is IP Exhibit 5.5?

A. IP Exhibit 5.5 is proposed SC 110 - Delivery Services. SC 110 has been renamed from Non-Residential Delivery Services to Delivery Services. Numerous changes have

115 been made to the currently-effective SC 110 to provide for the provision of residential
116 choice and the incorporation of the tariff simplification process.

117 13. Q. Please identify the significant proposed revisions and additions to SC 110.

118 A. I will identify the principal proposed revisions and additions to SC 110 on a section-by-
119 section basis by use of the tariff's current section numbers unless otherwise specified.

120 The section addressing Availability (currently Section 2 but Section 1 in the
121 reorganized tariff) is being revised to include residential customers. Residential
122 customers as well as small commercial customers who take delivery services and return
123 to bundled service are required to remain on the bundled tariff for 24 months.

124 The subject matter of Section 3 - Definitions, Section 7 – Customer Delivery
125 Voltage and Point of Delivery, Section 19 (g) regarding standby service, and Section 22
126 – Historic Customer Information have been moved from SC 110 to IP's Electric
127 Standard Terms and Conditions.

128 The section providing the Rates (currently Section 10 but Section 6 in the
129 reorganized tariff) is being expanded to incorporate the rates for the residential
130 customers. IP witness Jones discusses the development of the specific proposed
131 charges for both residential and non-residential delivery services customers. Also, the
132 credit for Consolidated Retail Electric Supplier Billing ("SBO") is being revised and will
133 be discussed later in my testimony. Finally, a provision is being added requiring a
134 customer with generation facilities using delivery services for standby purposes to enter

135 into a contract establishing a Standby Capacity Requirement. The customer's Standby
136 Capacity Requirement, rather than Maximum Demand and Distribution Capacity, will
137 be used to bill Demand Charges, Distribution Capacity Charges and Transformation
138 Charges. Further, if the customer's actual Maximum Demand in a billing period
139 exceeds its Standby Capacity Requirement, the latter will be increased to the level of
140 the actual Maximum Demand, and the customer will be billed, in that month, an amount
141 equal to three times the applicable Demand, Distribution Capacity and Transformation
142 charges applied to the excess of Maximum Demand over the Standby Capacity
143 Requirement.

144 The subject matter of Section 18 - Interim Supply Service has been moved to a
145 new rider, Rider ISS.

146 The provisions addressing Off-Cycle Switching (currently Section 21 but
147 Section 10 (B) in the reorganized tariff) have been expanded as addressed in the direct
148 testimony of Mr. Holtzsch.

149 A new provision is being added to Section 10 (c) in the reorganized tariff to
150 specify that a customer that has given notice to return to bundled service may not
151 rescind the notice within the 30-day period preceding the switch date. This change is
152 being implemented to reflect the fact that IP may have committed to a firm power
153 supply to serve the customer.

154 The subject matter of Section 13 - Adjustments for Billing Determinants for
155 Customers with a Bundled Service Classification has been eliminated and incorporated
156 into a new rider, Rider PRS - Partial Requirements Service.

157 Also, various provisions specific to Retail Electric Suppliers (“RES”), Customer
158 Self-Managers (“CSM”) and Meter Service Providers (“MSP”) were deleted from SC
159 110, Delivery Services, because either the information was also provided in IP’s SC
160 150 or the tariff language more appropriately belonged in SC 150. For example, SC
161 110, Section 4, Designation of Customer as Customer Self-Manager, now refers to
162 Section 4(B) of IP’s reorganized SC 150 for the listing of the requirements to qualify as
163 a Customer Self-Manager. Other changes of this nature have been effected throughout
164 the SC 110 tariff in an effort to either eliminate duplicative tariff language or to place the
165 tariff language in the more appropriate tariff, SC 110 or SC 150.

166 14. Q. What changes is the Company proposing to the current SBO credits?

167 A. Currently, Illinois Power has two credits for SBO. These credits are applied to
168 accounts based on whether or not the RES has accepted responsibility for payment of
169 Illinois Power’s charges. Illinois Power is proposing to implement five different SBO
170 credits in this case. The credits will be differentiated and applied to accounts based on
171 whether the account is a non-residential or a residential account, whether the RES is
172 accepting responsibility for payment of the Company’s charges, and whether the

customer takes only delivery services or also takes gas service. The development of the credit values is discussed by IP witness Althoff.

15. Q. Why is Illinois Power proposing different SBO credits for delivery services only accounts versus combination gas and delivery services accounts?

A. Many of our customers (approximately, 340,000) are combination gas and electric customers. When a RES sends a single bill to such a customer for delivery services and power and energy, no SBO credit should be provided because the Company must still send out a gas bill to that customer (with all of the attendant time, labor and materials); we derive no benefit from the electric bill being sent separately by another party. The only instance in which IP may receive a benefit is if the RES assumes the risk of non-payment. The updated credits developed by Ms. Althoff reflect these points by providing no SBO credit for a combination customer except where the RES accepts the responsibility for non-payment (in which case the credit consists of that portion of the SBO credit represented by uncollectibles expense and related uncollectibles processing costs).

**VII. Proposed Changes to Service Classification 150 - Services for Customer Self-
Managers, Retail Electric Suppliers and Meter Service Providers**

16. Q. What is IP Exhibit 5.6?

191 A. IP Exhibit 5.6 is proposed SC 150 - Service for Customer Self-Managers, Retail
192 Electric Suppliers, and Meter Service Providers. Again, numerous changes have been
193 made to the currently-effective SC 150 as the result of the tariff simplification process.

194 17. Q. Please identify the significant proposed revisions to SC 150.

195 A. The subject matter of Section 2 – Definitions and Section 12 - Historic Customer
196 Information have been moved to IP’s Electric Standard Terms and Conditions. In
197 addition, Appendices 1 through 6 to SC 150 were eliminated and will be incorporated
198 in IP’s RES handbook and made available on IP’s website. Appendix 7 - Rates,
199 Terms and Conditions for Meter Service Providers will now be Appendix 1 to SC 150.
200 Also, a new Appendix 2 to SC 150 is being proposed as described below. The
201 Company’s proposed Table of Contents to SC 150 reflects reorganization of this tariff
202 based on the “supplier” tariff outline approved in Docket No. 00-0494, and the
203 elimination and renumbering of the Appendices to SC 150.

204 18. Q. Please identify the significant proposed revisions to the currently effective SC 150,
205 Appendix 7 – Rates, Terms and Conditions for Meter Service Providers.

206 A. Section 6 a, b, c, and d of this Appendix have been deleted. The new Section 6 a.
207 continues the existing requirement that an MSP perform site inspections during each visit
208 to a customer premises and that the inspections must be performed consistent with the
209 requirements of Part 460. Section 6 e. has been moved to Section 6 b.

210 19. Q. Please describe the new Appendix 2 to SC 150.

A. SC 150 Appendix 2 – Additional Requirements Applying to Contracts Governing Remittance of IFC Charges, details requirements pertaining to the billing, collection and remittance of IFC charges by RESs or other entities billing Illinois Power’s charges to customers. This material is currently included in Section 8 of existing SC 150.

VIII. Proposed Revisions to Rider TC - Transition Charge for Non-Residential Customers

20. Q. What is IP Exhibit 5.7?

A. IP Exhibit 5.7 is proposed Rider TC – Transition Charge for Customers.

21. Q. Why is Illinois Power proposing changes to Rider TC?

A. Illinois Power is revising Rider TC to incorporate provisions for transition charges to residential customers.

22. Q. Please identify the significant proposed changes to Rider TC.

A. Rider TC is being renamed Transition Charge for Customers. Rider TC, Section 2 – Definitions, is being revised as follows: Business Type is being changed to Customer Type, and lighting, industrial and residential are being added to the definition; Delivery Services Eligibility Date is being revised to include the residential customer eligibility date; and Tariff Rate is being revised to include the reductions to base rates for residential customers occurring on August 1, 1998 and May 1, 2002. In Section 4 – Determination of Transition Charge, the definition of Mc is being revised to include the residential customer mitigation factors; Factor A4c, the factor that represents imbalance charges, is being set at zero based on the energy imbalance provisions of IP’s Open

231 Access Transmission Tariff ("OATT"); and the adjustment to factor MVc based on
232 retail marketing costs and uncollectibles costs is being revised based on 2000 data.
233 Appendix 1 to Rider TC – TC Groups is being revised to incorporate TC Groups for
234 residential customers. Appendix 2 to Rider TC – Market Values is being revised to
235 reflect the updated retail marketing costs and uncollectible costs based on 2000 data, in
236 the adjustments made to the market values used in calculating TCs. IP witness Althoff
237 supports the updated adjustment for retail marketing costs and uncollectible costs in her
238 direct testimony. Workpapers to Rider TC are also being revised to incorporate the
239 residential profiles as well as to incorporate the residential base rates of SC 2, 3, and
240 39.

241 23. Q. Please explain why Factor A4c is being set at zero.

242 A. In the Company's 1999 delivery services tariff case, Docket Nos. 99-0120 and 99-
243 0134 (Consol.), Factor A4c was established as IP's energy imbalance revenue less
244 related out-of-pocket costs, divided by kWh subject to the OATT, for 1998. Under
245 the OATT energy imbalance provisions then in effect, IP retained any energy imbalance
246 revenues in excess of its costs. Subsequently, IP's OATT energy imbalance provision
247 has been revised. Under the current energy imbalance provisions, IP must credit energy
248 imbalance revenues in excess of costs back to its transmission customers. Accordingly,
249 based on the currently effective energy imbalance provisions, IP's net energy imbalance

revenues less the related costs will equal zero. Therefore, Factor A4c should be set at zero.

24. Q. Are all of the Appendices and Workpapers to Rider TC complete at this time?

A. No. As specified in Section 16-102 of the Public Utilities Act, the Transition Charge calculation for residential customers requires usage data for the 36-month period ending 90 days before the date that residential customers become eligible for delivery services (i.e., January 31, 2002), which is not yet available.

IX. Proposed Revisions to Rider PPO – Power Purchase Option Service

25. Q. What is IP Exhibit 5.8?

A. IP Exhibit 5.8 is proposed Rider PPO - Power Purchase Option Service.

26. Q. What changes is Illinois Power proposing to Rider PPO?

A. Illinois Power is proposing several changes to Rider PPO. The first change pertains to PPO service to Non-Firm PPO customers. During higher energy and buy-through situations, a Non-Firm PPO customer would pay the higher of the applicable Non-Firm Market Value Index price or the “higher energy” or buy-through charges specified in the customer’s former interruptible tariff. This change is necessary because at times, the Market Value Index price would be above the “higher energy” or buy-through price; allowing the customer to actually pay a lower price in these circumstances would defeat the purpose of the “higher energy” and buy-through provisions, which are intended to be alternatives to curtailment.

270 Second, Subsection a of Section 5 – Rates is being revised to clarify that the
271 customer's billing for power and energy will be reduced by the transmission energy loss
272 factor. This reduction is necessary because the Market Values set forth in Appendix 2
273 of Rider TC, which are used to bill the PPO customer for energy, have been adjusted
274 for both transmission and distribution losses; however, the PPO customer is already
275 separately billed for transmission losses under Schedule 9 of IP's OATT.

276 The third proposed change is to include a charge for energy imbalance in Rider
277 PPO. The proposed charge will be equal to Factor A4c in Rider TC. This is the
278 amount that is included as energy imbalance revenues in all transition charge
279 calculations. Factor A4c is included as transmission revenue in the delivery services
280 revenue deduction in the transition charge calculation. Since IP does not charge Rider
281 PPO customers for energy imbalances, Rider PPO customers should not receive the
282 benefit of having the energy imbalance amount in Rider TC. Therefore, adding the same
283 energy imbalance charge in Rider PPO will offset the energy imbalance component in
284 the transition charge calculation. However, as I explained earlier, Factor A4c is being
285 set at zero in this filing.

286 Fourth, Section 6(b) of Rider PPO is being revised to specify that where a
287 customer places a part of its power and energy requirements on Rider PPO and the
288 remainder on delivery services to be served by a RES, the customer's PPO contract
289 must specify how the portion of the customer's load served on Rider PPO and the

portion served by the RES will be determined. This change is necessary because Section 13 of SC 110, which is referenced in Section 6(b) of current Rider PPO, is being deleted due to the implementation of Rider PRS.

Fifth, the adjustment factor for retail marketing costs in Section 7(e) of Rider PPO (applicable in the case of sales and assignments to a RES or another electric utility) is being revised based on 2000 data.

X. Proposed Rider ISS – Interim Supply Service and Rider PRS – Partial Requirements Service

27. Q. What is IP Exhibit 5.9?

A. IP Exhibit 5.9 contains the two new proposed riders, Riders ISS and PRS, which are being proposed in order to improve the structure of the Delivery Service tariffs. Interim Supply Service is being expanded to provide an alternate billing provision for the residential customers. This provision is intended to mitigate potential billing impacts for residential customers requiring Interim Supply Service from the Company during periods of high market prices. Under Rider ISS, residential customers will be subject to the same market prices as the non-residential customers; however, in certain circumstances, the residential customer may have a portion of his or her charges spread over the subsequent three-month period. The Company is proposing to calculate, for each billing period, the residential customer's ISS bill and compare the average price per kWh to the average base revenue cents per kWh price in the customer's TC Group calculation. This is Factor BRc in Rider TC. The intent is that Factor BRc serve as a

proxy for what the customers in each TC group would pay under bundled tariffs. If the Rider ISS average price per kWh for the billing period is more than 120% of the average price that the customer would have paid on bundled service (based on Factor BRc), and the dollar amount by which the average Rider ISS price exceeds 120% of the average bundled price is greater than \$25, the residential customer will be billed 120% of the average bundled price per kWh in the current billing period. Any remaining amount will be billed to the customer in three equal installments, including interest at 1.5% per month, over the three billing periods immediately following the period the customer is served on Rider ISS. However, the customer may elect to pay the entire deferred balance at any time.

In Rider PRS, IP is creating a completely different structure for Partial Requirements Service. The new structure is explained by IP witness Jones in his direct testimony.

XI. Proposed Revisions to IP's Delivery Services Implementation Plan

28 Q. Please describe IP Exhibit 5.10.

A. IP Exhibit 5.10 is IP's proposed Delivery Service Implementation Plan ("DSIP"). The revised DSIP incorporates the necessary changes for residential choice and for consistency with the tariff simplification changes. It also reflects other changes in business processes and practices that have been adopted as the result of recent tariff filings and proceedings.

330 29 Q. Does this conclude your prepared direct testimony?

331 A. Yes, it does.